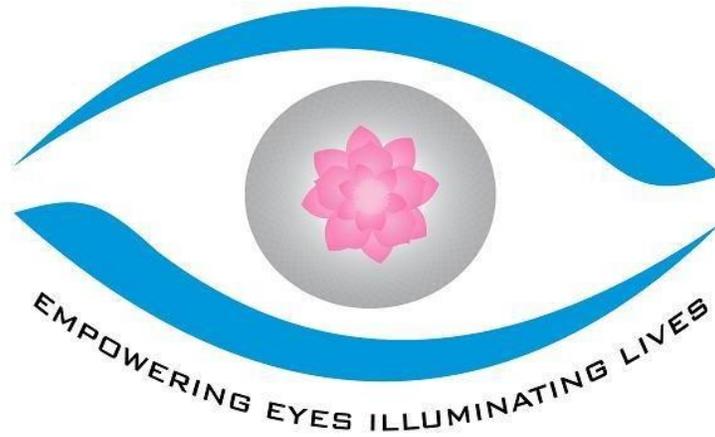




# LOTUS



## **LOTUS EYE HOSPITAL AND INSTITUTE LIMITED POLICY ON RELATED PARTY TRANSACTIONS**



## **Preamble**

The Company is committed to uphold the highest ethical and legal conduct in fulfilling its responsibilities and recognize that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, KMP, Senior Management etc. with the interest of the Company.

The Board of Directors of the Company, has adopted this policy and procedures for dealing with Related Party Transactions, in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder and any subsequent amendments thereto (the “Act”) and as per SEBI (Listing Obligation and Disclosure Requirements) 2015 with the Stock Exchanges, in order to ensure the transparency and procedural fairness of such transactions.

## **Objective**

This policy is intended to ensure proper approval and reporting of transactions as applicable, between the Company and any of its directors, officers or entities or persons related to them, in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The members of Audit Committee who are Independent Directors (“Audit Committee”), shall review and approve Related Party Transactions and subsequent material modifications to the existing related party transactions based on this Policy in terms of the requirements under the above provisions as applicable.

The policy shall be reviewed by the Board of Directors once in three years

## **Transactions covered by this policy**

All Related Party Transactions are covered by this Policy. A Related Party Transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Transactions covered by this policy include but not limited to any contract or arrangement with a related party with respect to:-

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party’s appointment to any office or place of profit in the Company, its subsidiary

company or associate company; and  
g) underwriting the subscription of any securities or derivatives thereof, of the Company.



Provided that any transaction entered into by the Company with a Related Party in its ordinary course of business and on an arm's length basis shall not require any approval of the Board of Directors of the Company or of the Shareholders of the Company but shall be approved by the Audit committee. The same shall also be periodically disclosed to the Audit Committee/ Board, as may be required.

### **Definitions**

Unless the context otherwise requires, the words, terms and expressions used in this policy shall have the meanings given in the Companies Act, 2013.

- a. **“Accounting Standards”** means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133;
- b. **“Arm’s length transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest;
- c. **Associate Company”**, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company;

**Explanation - “significant influence”** means control of at least twenty percent of total share capital, or of business decisions under an agreement. Total Share Capital means the aggregate of the paid-up Equity Share Capital and Convertible Preference Share Capital.

- d. **Control”** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- e. Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position. **“Officer”** includes any Director, Manager or Key Managerial Personnel or any person in accordance with those directors or instructions, the Board of Directors or any one or more of the Directors is or are accustomed to act.
- f. **“Office or place of profit”** means any office or place –
  - a) Where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
  - b) Where such office or place is held by an individual other than a director or by any firm,

private company or other body corporate holding it receives from the company anything by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

- g. **“Related Party”** and **“Relative”** with reference to the Company means as defined in the Companies Act, 2013 and rules made thereunder (as amended from time to time). A party would also be considered as a Related Party, if such entity is a related party under the applicable accounting standards.

“Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party

- h. **Material Related Party Transactions** means A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity;

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity

- i. **Related party transaction”** means a transaction involving a transfer of resources, services or obligations between:

j.

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries with effect from April 1, 2023; regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholdin
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

i. **Material Modification** means any modification to existing related party transaction which in the opinion of Independent Directors are material.



### **Identification of Related Party Transactions**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format containing the following information to the Company Secretary on an annual basis:

- a. Names of his / her Relatives;
- b. Partnership firms in which he / she or his / her Relative is a partner;
- c. Private Companies in which he / she is a member or Director;
- d. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- e. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- f. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The Chief Financial Officer along with the Company Secretary of the company shall be responsible for proper implementation of the policy as approved by the Board/Committee of Directors, procedures, monitoring adherence to the rules of Related Party Transactions. The Company Secretary shall assist the Directors and Key Managerial Personnel and provide any clarifications on the provisions of this policy.

### **Review Mechanism/ Approval/ Ratification**

a) All Related Party Transactions and subsequent material modifications shall require prior approval of the Independent Directors of Audit Committee.

However, the Audit Committee may grant omnibus approval for Related Party Transactions, which are repetitive in nature, proposed to be entered into by the company subject to the following conditions:

- i- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;



- ii- Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

- iii- Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
  - iv- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- b) The Committee will consider interest of the Company and its stakeholders in carrying out the Transactions and on the benefits accruing to the Company. The Committee may accordingly approve or modify such transactions, in accordance with this policy and/or recommend the same to the Board for approval. Except transactions between related parties that are in ordinary course of business and on arm's length basis all related party transactions shall also be approved by the Board of Directors at a meeting or through a Resolution passed by Circulation in the case of urgent requirements, in the interest of the Company subject to ratification at their next following Board Meeting.
- c) In determining, whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the Company and Related Parties.
- d) In the case of Material related party transaction and subsequent material modifications approval of shareholders shall be obtained in the general meeting which are frequent and regular in nature but are in the normal course of business of the Company, the Audit Committee may define and fix up limits within which the management may carry out such transactions without any further approval of the Audit Committee. Further, it shall periodically review and assess such limits and revise the same as deemed proper and ensure that they are in compliance of this policy and the guidelines herein.

**Information to be reviewed by Audit Committee for approval of proposed Related Party Transactions**

The listed entity shall provide the following information for review of the audit committee for approval of a proposed RPT:

- a) Type, material terms and particulars of the proposed transaction
- b) Name of the related party and its relationship with the listed entity or its subsidiary,

including nature of its concern or interest (financial or otherwise);

c) Tenure of the proposed transaction(particular tenure shall be specified)

d) Value of the proposed transaction;

e) The percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year,that is represented by the value of the proposed transaction (and for a RPTinvolving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basisshall be additionally provided);

f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary

i)details of the source of funds in connection with the proposed transaction

ii)where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,

- nature of indebtedness;
- cost of funds; and
- tenure;

iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

iv) the purpose for which the funds will be utilizedby the ultimate beneficiary of such funds pursuant to the RPT.

g) Justification as to why the RPT is in the interest of the listed entity;

h) A copy of the valuation or other external party report, if any such report has been relied upon;

i) Percentage of the counterparty's annual consolidated turnover that is represented by the value of the proposed RPTon a voluntary basis

J) Any other information that may be relevant

### **Prior Shareholders approval by way of Ordinary resolution in General Meeting for certain Related Party Transactions**

a) The Related Party irrespective of concerned or interested in any contract or arrangement to be entered into by the Company with such Related Party or subsequent material modification to such contract or arrangement entered with related party shall not vote on such Resolution requiring approval of the Shareholders.

b) In the case of a wholly owned subsidiary, the ordinary Resolution passed by the Company shall be sufficient for the purpose of entering into the transactions between such wholly owned subsidiary and the Company, within the limits approved by the Shareholders.

**Information to be provided to shareholders for consideration of RPTs**

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement

- a. A summary of the information provided by the management of the listed entity to the audit committee
- b. Justification for why the proposed transaction is in the interest of the listed entity
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or
- d. investments made or given by the listed entity or its subsidiary, the details as placed before the Audit committee along with source of funds and cost of funds shall be disclosed
- e. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- f. Any other information that may be relevant



### **Related Party Transactions not previously approved**

a) Where any contract or arrangement is entered into by a director or any other employee of the Company with a related party, without obtaining the consent of the Board or approval by way of an ordinary resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting, within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Provided that in case of transactions involving any amount not exceeding one crore rupees is entered into by a director or officer of the company approval of the audit committee shall be sufficient

b) The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

### **Disclosure**

a) Particulars of contracts or arrangements with related parties covered under this policy, except those in the ordinary course of business and arm's length basis shall be disclosed in form AOC-2 and the same shall form part of the Board's Report .

b) The Company shall place before the Board Register of Contracts or Arrangements containing particulars of all contracts or arrangements entered into with related parties to which Section 188 of the Act applies for perusal/signatures of the Directors.

c) The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in annexure to SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021

d) The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report as may be required under the Act and the Listing Agreement.

## **Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act or Listing regulations or any other statutory enactments, rules, the provisions of such Act or Listing regulations or statutory enactments, rules shall prevail over this Policy.